

# STATE OF MICHIGAN

## LIQUOR CONTROL COMMISSION

### FINANCIAL REPORT

August 2015



Michigan Department of Licensing and Regulatory Affairs (LARA)

Rick Snyder, Governor  
Mike Zimmer, Director  
Andrew J. Deloney, Chairman

<http://www.michigan.gov/lcc>



**MICHIGAN LIQUOR CONTROL COMMISSION**

**AUGUST FINANCIAL REPORT**

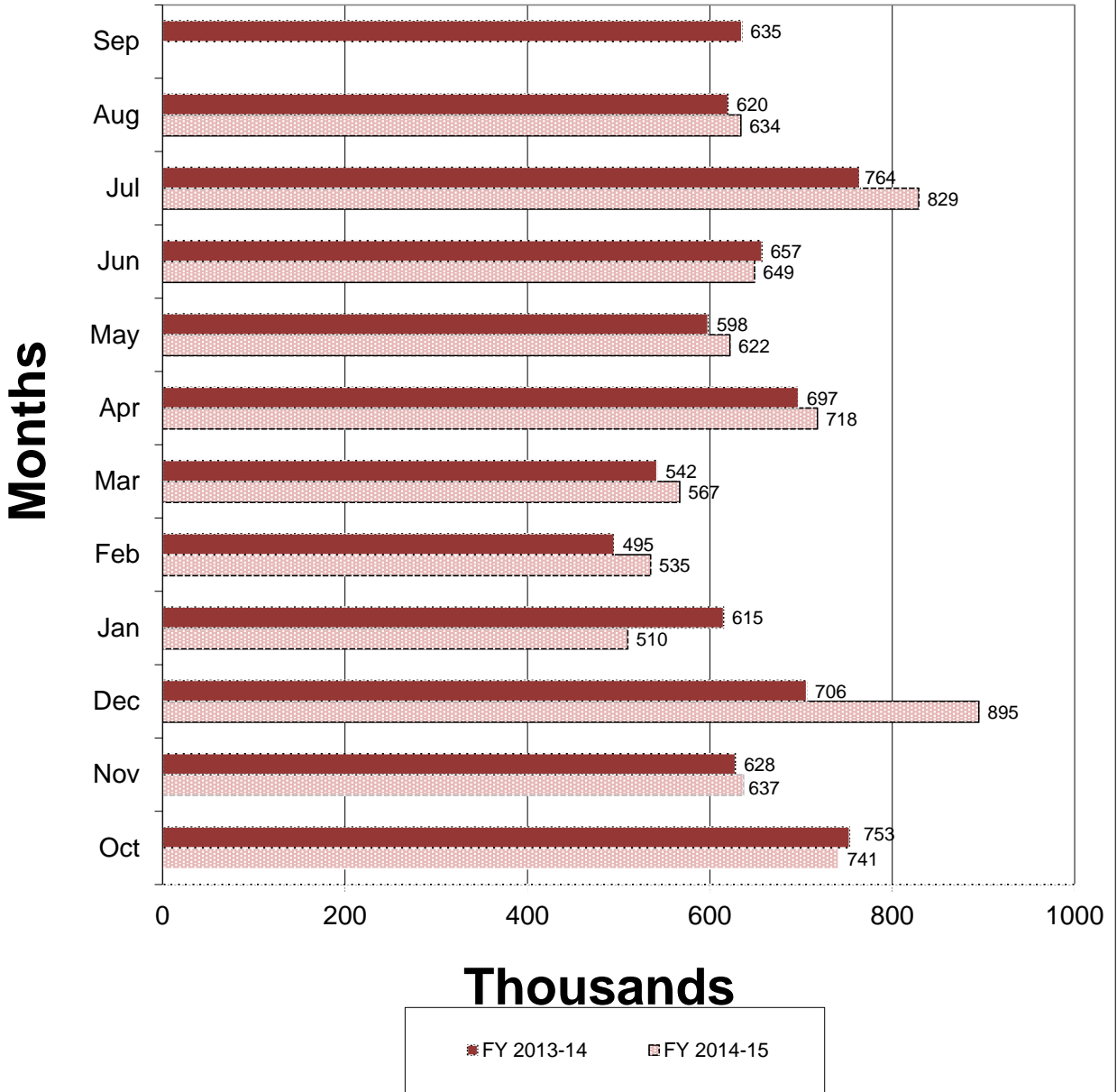
**FISCAL YEAR 14 - 15**

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## Case Sales



	Fiscal Year to Date 10/14-08/15	Fiscal Year to Date 10/13-08/14	# Increase (Decrease)	% Increase -Decrease
Number of Cases Sold	7,336,583	7,074,395	262,188	3.71%
Average Price Per Case Sold	\$153.29	\$149.49	\$3.80	2.54%

**MICHIGAN LIQUOR CONTROL COMMISSION  
LIQUOR PURCHASE REVOLVING FUND  
UNAUDITED COMPARATIVE BALANCE SHEET  
AUGUST 31**

	2015	2014
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Imprest Cash	\$400	\$400
Cash-State Treasurer Common Cash Fund*	<u>118,228,984</u>	<u>105,820,438</u>
Subtotal	\$118,229,384	\$105,820,838
Liquor Inventory - At Current Cost	5,383,206	8,449,439
Prepaid Distribution Costs of Inventory	377,393	649,448
Other Assets		
Accounts Receivable	\$33,899,620	\$28,996,551
Returned Checks	227,672	307,710
Payroll Correction Clearing	<u>0</u>	<u>0</u>
Subtotal	<u>34,127,292</u>	<u>29,304,261</u>
<b>TOTAL ASSETS</b>	<u><b>\$158,117,275</b></u>	<u><b>\$144,223,986</b></u>
<b>LIABILITIES &amp; RETAINED EARNINGS</b>		
<b>CURRENT LIABILITIES</b>		
Warrants Outstanding	\$1,459,553	\$1,687,107
Warrants Authorized/Not Issued	98,617,480	91,875,879
Accounts Payable	0	0
Deferred Revenue	0	0
Amount Due to Other Funds	92,632	0
Current Compensated Absences	<u>661,478</u>	<u>569,133</u>
Total Current Liabilities	\$100,831,143	\$94,132,119
<b>LONG TERM LIABILITIES</b>		
Amount Due to Other Funds	\$24,738	\$0
Long Term Compensated Absences	<u>372,619</u>	<u>165,428</u>
Total Long Term Liabilities	397,357	165,428
<b>RETAINED EARNINGS</b>		
Beginning Balance October 1	\$875,739	\$875,739
Current Year Increase or (Decrease)*	<u>56,013,036</u>	<u>49,050,700</u>
Current Period Ending Balance	<u>56,888,775</u>	<u>49,926,439</u>
<b>TOTAL LIABILITIES &amp; RETAINED EARNINGS</b>	<u><b>\$158,117,275</b></u>	<u><b>\$144,223,986</b></u>

\*This amount includes the amounts of money collected from the three 4% specific taxes and the sales tax that have not been transferred out of the Liquor Purchase Revolving Fund.

**MICHIGAN LIQUOR CONTROL COMMISSION  
LIQUOR PURCHASE REVOLVING FUND  
UNAUDITED COMPARATIVE STATEMENT OF REVENUE, EXPENSES, & CHANGES IN RETAINED EARNINGS  
ELEVEN MONTHS ENDED AUGUST 31**

	2015	2014
<b>REVENUE</b>		
<b>TOTAL GROSS SALES</b>	\$1,124,649,854	\$1,057,578,514
Less: Discounts Allowed	191,109,583	179,715,377
<b>PROCEEDS - SALE OF LIQUOR</b>	\$933,540,271	\$877,863,137
Less: Cost of Goods Sold		
Beginning Inventory	\$7,938,850	\$7,214,158
Add: Purchases	679,227,608	642,242,491
Less: Ending Inventory	5,383,206	8,449,439
Cost of Goods Sold	\$681,783,252	\$641,007,210
<b>GROSS REVENUE FROM SALE OF LIQUOR</b>	\$251,757,019	\$236,855,927
<b>OTHER REVENUE</b>		
Miscellaneous Revenue	(\$462,101)	\$130,036
Non-Operating Revenue	0	0
Interest Revenue	68,441	46,585
<b>TOTAL OTHER REVENUE</b>	(\$393,660)	\$176,621
<b>TOTAL REVENUE</b>	\$251,363,359	\$237,032,548
<b>EXPENSES AND TRANSFERS</b>		
<b>MLCC Expenses</b>		
Commission	\$444,423	\$389,510
Management Support	3,483,323	3,504,522
Licensing & Enforcement (1)	6,105,216	5,950,930
Distribution Cost Paid to Suppliers	55,041,441	53,077,444
Compensated Absences	0	0
<b>Total MLCC Expenses</b>	\$65,074,403	\$62,922,406
<b>Other Agencies Expenses</b>		
Attorney General	\$893,742	\$898,763
Auditor General	27,500	69,441
Bureau of Fire Services	848,664	2,190,022
Civil Service - Personnel	249,137	232,875
Administrative Hearings & Rules	62,062	98,358
Information Technology Services	3,495,019	2,943,919
MLCC Rent	575,525	544,985
LARA - Executive Direction	669,198	67,000
LARA - Administrative Offices	2,174,821	2,022,692
<b>Total Other Agencies Expenses</b>	\$8,995,668	\$9,068,055
Excluding Transfers Not Related to MLCC		
<b>TOTAL EXPENSES AND TRANSFERS</b>	\$74,070,071	\$71,990,461
<b>NET INCOME (Not Including Taxes &amp; Grants)</b>	\$177,293,288	\$165,042,087
Add: Specific Tax, Liquor 1.85%	0	0
<b>NET REVENUE (Before Unrelated Expenses)</b>	\$177,293,288	\$165,042,087
LARA - Transfers For Grant Not Related to MLCC	773,900	773,900
<b>NET INCOME</b>	\$176,519,388	\$164,268,187
<b>RETAINED EARNINGS</b>		
Transfers to General Fund - Cash	132,000,000	132,000,000
Current Year Increase or (Decrease)	\$44,519,388	\$32,268,187
Retained Earnings - Beginning	875,739	875,739
<b>RETAINED EARNINGS - ENDING</b>	\$45,395,127	\$33,143,926

**Note:**

(1) Includes the Revolving Fund Portion only.

**MICHIGAN LIQUOR CONTROL COMMISSION  
LIQUOR PURCHASE REVOLVING FUND  
UNAUDITED STATEMENT OF CHANGES IN EQUITY AND TRANSFERS  
AUGUST 31**

	<u>2015</u>	<u>2014</u>	<u>INCREASE (DECREASE)</u>
<b>EQUITY AVAILABLE</b>			
Beginning Equity	\$875,739	\$875,739	\$0
Current Earnings	251,363,359	237,032,548	14,330,811
Specific Tax, Liquor 1.85%	<u>0</u>	<u>0</u>	<u>0</u>
Total Equity Available	<u>\$252,239,098</u>	<u>\$237,908,287</u>	<u>\$14,330,811</u>
<b>ALLOCATION OF EQUITY</b>			
Transferred to General Fund	\$132,000,000	\$132,000,000	\$0
MLCC Expenses	65,074,403	62,922,406	2,151,997
Other Agencies Expenses (Excluding Transfer Not Related to MLCC)	8,995,668	9,068,055	(72,387)
LARA Transfer Not Related to MLCC	<u>773,900</u>	<u>773,900</u>	<u>0</u>
Total Allocation of Equity	<u>\$206,843,971</u>	<u>\$204,764,361</u>	<u>\$2,079,610</u>
Ending Equity	<u>\$45,395,127</u>	<u>\$33,143,926</u>	<u>\$12,251,201</u>

**MICHIGAN LIQUOR CONTROL COMMISSION  
ALL FUNDS  
UNAUDITED COMPARATIVE SCHEDULE OF OPERATIONS  
ELEVEN MONTHS ENDED AUGUST 31**

	<u>2015 MONTH</u>	<u>YTD</u>	<u>2014 MONTH</u>	<u>YTD</u>	<u>YTD INCR./(DECR.)</u>
<b>LIQUOR SALES</b>					
Off Premise	\$79,051,064	\$940,050,852	\$87,991,955	\$881,673,494	\$58,377,358
On Premise	16,773,093	184,027,447	17,759,973	175,468,368	8,559,079
Other	59,343	571,555	55,944	436,652	134,903
<b>TOTAL GROSS SALES (3)</b>	<u>\$95,883,500</u>	<u>\$1,124,649,854</u>	<u>\$105,807,872</u>	<u>\$1,057,578,514</u>	<u>\$67,071,340</u>
Less: Discounts Allowed (3)	16,285,440	191,109,583	17,982,555	179,715,377	11,394,206
<b>PROCEEDS-SALE OF LIQUOR</b>	<u>\$79,598,060</u>	<u>\$933,540,271</u>	<u>\$87,825,317</u>	<u>\$877,863,137</u>	<u>\$55,677,134</u>
Less: Cost of Goods Sold	57,703,513	681,783,252	56,672,976	641,007,210	40,776,042
<b>GROSS REVENUE FROM SALE OF LIQUOR</b>	<u>\$21,894,547</u>	<u>\$251,757,019</u>	<u>\$31,152,341</u>	<u>\$236,855,927</u>	<u>\$14,901,092</u>
<b>OTHER REVENUE</b>					
Miscellaneous Revenue	(\$14,982)	(\$462,101)	\$21,466	\$130,036	(\$592,137)
Non-Operating Revenue	0	0	0	0	0
Interest Revenue	0	68,441	0	46,585	21,856
<b>TOTAL OTHER REVENUE</b>	<u>(\$14,982)</u>	<u>(\$393,660)</u>	<u>\$21,466</u>	<u>\$176,621</u>	<u>(\$570,281)</u>
<b>TOTAL REVENUE</b>	<u>\$21,879,565</u>	<u>\$251,363,359</u>	<u>\$31,173,807</u>	<u>\$237,032,548</u>	<u>\$14,330,811</u>
Less: Distribution Cost Paid to Suppliers	4,733,918	55,041,441	4,684,133	53,077,444	1,963,997
<b>INCOME FROM LIQUOR MERCHANDISING</b>	<u>\$17,145,647</u>	<u>\$196,321,918</u>	<u>\$26,489,674</u>	<u>\$183,955,104</u>	<u>\$12,366,814</u>
<b>MANAGEMENT EXPENSES</b>					
Commission	\$46,888	\$444,423	\$35,976	\$389,510	\$54,913
Management Support(1)	300,752	3,599,703	341,550	3,615,631	(15,928)
Licensing & Enforcement(1)	1,027,780	12,440,319	1,000,309	12,180,549	259,770
LARA Services	604,430	3,617,919	254,771	2,863,592	754,327
Information Technology Services	182,138	3,495,019	(413,575)	2,943,919	551,100
Attorney General	0	893,742	0	898,763	(5,021)
Auditor General	27,500	27,500	69,441	69,441	(41,941)
Bureau of Fire Services	(213,327)	848,664	102,037	2,190,022	(1,341,358)
Civil Service - Personnel	0	249,137	0	232,875	16,262
Administrative Hearings & Rules	1,845	62,062	4,727	98,358	(36,296)
Compensated Absences	0	0	0	0	0
Less: Transfer not related to MLCC Operations (2)	0	773,900	0	773,900	0
<b>Total Management Expenses</b>	<u>\$1,978,006</u>	<u>\$24,904,588</u>	<u>\$1,395,236</u>	<u>\$24,708,760</u>	<u>\$195,828</u>
<b>INCOME FROM OPERATIONS (3)</b>	<u>\$15,167,641</u>	<u>\$171,417,330</u>	<u>\$25,094,438</u>	<u>\$159,246,344</u>	<u>\$12,170,986</u>
Specific Tax, Liquor 1.85%(Off Premise)	0	0	0	0	0
Revenue Collected for Other Funds (3)	17,065,632	193,356,779	17,852,421	191,416,047	1,940,732
<b>TOTAL CURRENT EARNINGS &amp; REVENUE (3)</b>	<u>\$32,233,273</u>	<u>\$364,774,109</u>	<u>\$42,946,859</u>	<u>\$350,662,391</u>	<u>\$14,111,718</u>
Number of Cases Sold	634,042	7,336,583	619,776	7,074,395	262,188
Number of Sales Days	20	238	20	239	(1)

**Notes:**

(1) Total expenses per page 7 less any equipment purchases.

(2) Grants to Cities - Fire Protection.

(3) These monthly amounts are high because approximately one-half of the spirit sales for the last week of July 2014 were not recorded until August 2014. This caused the monthly profit and each of the three 4% specific taxes, for August 2014, to be high by \$10.7 million and \$516.2 thousand respectively.

**MICHIGAN LIQUOR CONTROL COMMISSION  
ALL FUNDS  
UNAUDITED COMPARATIVE SCHEDULE OF REVENUE COLLECTED  
ELEVEN MONTHS ENDED AUGUST 31**

	<u>CURRENT MONTH</u>	<u>YTD 2015</u>	<u>YTD 2014</u>	<u>INCREASE (DECREASE)</u>
<b>GENERAL FUND - GENERAL PURPOSE</b>				
Excise Tax, Beer	\$3,810,936	\$28,808,143	\$34,596,234	(\$5,788,091)
Specific Tax, Liquor 4% (2)	3,823,578	44,822,026	42,151,087	2,670,939
Excise Tax, Wine	1,416,566	8,874,084	9,814,644	(940,560)
Excise Tax, Mixed Spirit Drink	84,749	410,333	405,062	5,271
Sunday Sales Fees (7am-12pm)	14,367	1,451,389	1,362,593	88,796
Fines & Costs	52,637	560,410	484,120	76,290
Miscellaneous Revenue	(9,419)	187,443	84,006	103,437
<b>TOTAL GENERAL FUND - GENERAL PURPOSE:</b>	<u>\$9,193,414</u>	<u>\$85,113,828</u>	<u>\$88,897,746</u>	<u>(\$3,783,918)</u>
<b>GENERAL FUND - RESTRICTED</b>				
<b>RETAIL LICENSE FEES:</b>				
55% To Local Governments	\$43,652	\$9,013,942	\$8,738,428	\$275,514
41.5% To Licensing & Enforcement	32,937	5,230,428	5,044,168	186,260
3.5% To Alcoholism Prevention Programs	2,778	441,113	425,411	15,702
Additional Resort License Fees	(20,000)	141,550	193,300	(51,750)
Direct Shipper License Fees	1,000	103,035	99,032	4,003
License Transfer Fees	85,937	710,769	598,324	112,445
Sunday Sales Fees	13,634	1,647,370	1,598,095	49,275
License Permit Fees	1,900	54,240	41,692	12,548
Non-Retail License Fees-Wine Industry Council	12,720	714,060	916,258	(202,198)
Liquor Control Act Sales	110	1,845	3,385	(1,540)
Inspection Fees	27,061	303,231	326,742	(23,511)
Specific Tax, Liquor 4%-Tourism & Conv. Facility (2)	3,847,014	45,030,785	42,324,299	2,706,486
Miscellaneous Revenue	(103)	28,557	58,080	(29,523)
<b>TOTAL GENERAL FUND - RESTRICTED</b>	<u>\$4,048,640</u>	<u>\$63,420,925</u>	<u>\$60,367,214</u>	<u>\$3,053,711</u>
<b>SCHOOL AID FUND</b>				
Specific Tax, Liquor 4% (2)	<u>\$3,823,578</u>	<u>\$44,822,026</u>	<u>\$42,151,087</u>	<u>\$2,670,939</u>
<b>TOTAL SCHOOL AID FUND</b>	<u>\$3,823,578</u>	<u>\$44,822,026</u>	<u>\$42,151,087</u>	<u>\$2,670,939</u>
<b>REVENUE COLLECTED FOR OTHER FUNDS (2)</b>	<u>\$17,065,632</u>	<u>\$193,356,779</u>	<u>\$191,416,047</u>	<u>\$1,940,732</u>
<b>LIQUOR PURCHASE REVOLVING FUND</b>				
Specific Tax, Liquor 1.85%	\$0	\$0	\$0	\$0
Income From Operations(Excluding Taxes & Grants)(1)(2)	<u>15,167,641</u>	<u>171,417,330</u>	<u>159,246,344</u>	<u>12,170,986</u>
<b>LIQUOR PURCHASE REVOLVING FUND REVENUE</b>	<u>\$15,167,641</u>	<u>\$171,417,330</u>	<u>\$159,246,344</u>	<u>\$12,170,986</u>
<b>TOTAL REVENUE COLLECTED</b>	<u>\$32,233,273</u>	<u>\$364,774,109</u>	<u>\$350,662,391</u>	<u>\$14,111,718</u>

**Note:**

(1) Income From Operations after all operating expenses including General Fund portion of Licensing & Enforcement.

(2) These monthly amounts are high because approximately one-half of the spirit sales for the last week of July 2014 were not recorded until August 2014. This caused the monthly profit and each of the three 4% specific taxes, for August 2014, to be high by \$10.7 million and \$516.2 thousand respectively.



**MICHIGAN LIQUOR CONTROL COMMISSION  
ALL FUNDS  
UNAUDITED SCHEDULE OF EXPENSES BY TYPE AND ACCOUNT  
ELEVEN MONTHS ENDED AUGUST 31**

	COMMISSION		MANAGEMENT SUPPORT		LICENSING & ENFORCEMENT		TOTAL	TOTAL
	(1)						2015	2014
	Current Month	YTD	Current Month	YTD	Current Month	YTD		
<b>MLCC APPROPRIATED EXPENSES</b>								
Salaries & Wages	\$46,888	\$444,423	\$140,471	\$1,631,759	\$510,313	\$5,908,859	\$7,985,041	\$7,668,635
Longevity & Insurance	0	0	31,973	432,381	110,857	1,381,302	1,813,683	1,895,908
Retirement & FICA	0	0	100,726	1,175,628	300,704	3,487,984	4,663,612	4,601,528
Subtotal	\$46,888	\$444,423	\$273,170	\$3,239,768	\$921,874	\$10,778,145	\$14,462,336	\$14,166,071
Communications	\$0	\$0	\$1,854	\$22,169	\$12,957	\$140,434	\$162,603	\$181,367
Travel	0	0	2,760	39,067	18,540	191,886	230,953	234,875
Utilities	0	0	352	13,205	0	323	13,528	2,741
Contractual Services	0	0	8,236	111,276	7,233	373,029	484,305	648,791
Supplies & Materials	0	0	2,557	43,862	1,359	149,824	193,686	259,221
Equipment Replacement, Additions & Rentals	0	0	1,243	13,977	2,851	88,478	102,455	146,191
Miscellaneous	0	0	0	0	0	4,344	4,344	1,448
Subtotal	\$0	\$0	\$17,002	\$243,556	\$42,940	\$948,318	\$1,191,874	\$1,474,634
<b>TOTAL MLCC APPROPRIATED EXPENSES</b>	<b>\$46,888</b>	<b>\$444,423</b>	<b>\$290,172</b>	<b>\$3,483,324</b>	<b>\$964,814</b>	<b>\$11,726,463</b>	<b>\$15,654,210</b>	<b>\$15,640,705</b>
<b>OPERATING TRANSFERS OUT &amp; OTHER EXPENSES</b>								
Rent and Building Occupancy	\$0	\$0	\$10,580	\$116,379	\$62,966	\$713,856	\$830,235	\$544,985
Other Operating Transfers Out(2)	0	0	0	0	0	0	9,194,043	9,296,970
<b>TOTAL OPERATING TRANSFERS OUT &amp; OTHER EXPENSES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,580</b>	<b>\$116,379</b>	<b>\$62,966</b>	<b>\$713,856</b>	<b>\$10,024,278</b>	<b>\$9,841,955</b>
<b>GRAND TOTAL</b>	<b>\$46,888</b>	<b>\$444,423</b>	<b>\$300,752</b>	<b>\$3,599,703</b>	<b>\$1,027,780</b>	<b>\$12,440,319</b>	<b>\$25,678,488</b>	<b>\$25,482,660</b>

**Notes:**

- (1) Fringe benefits and other expenses are reported in Management Support as appropriated by the Legislature.
- (2) Transfer amounts are appropriated in other departments and bureaus. They are not allocated to the divisions but are included in totals.